
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2265

State of Washington

62nd Legislature

2012 Regular Session

By House Ways & Means (originally sponsored by Representatives Probst, Haler, Haigh, Rivers, Zeiger, Seaquist, Sells, Jinkins, Roberts, Hunt, Santos, Kelley, Finn, and Ryu)

READ FIRST TIME 02/07/12.

1 AN ACT Relating to establishing Washington works payments to
2 increase graduation rates, address critical skill shortages, increase
3 student success, and narrow the educational opportunity gap; amending
4 RCW 28B.120.040; adding a new chapter to Title 28B RCW; and providing
5 an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) Economic strength is directly interconnected with education;

9 (b) Increasing graduation rates improves economic competitiveness;

10 (c) Graduation is only the beginning for each student, and should
11 be followed by success in the workplace; and

12 (d) Most students seek a degree that results in a good job.

13 (2) The legislature makes it an economic priority for Washington
14 to:

15 (a) Increase graduation rates;

16 (b) Increase graduation rates in fields addressing critical skill
17 shortages; and

18 (c) Narrow the educational opportunity gap for disadvantaged
19 students and minority students.

1 (3) The legislature intends that:

2 (a) The state of Washington distinguish itself in the national and
3 global economy by becoming the fastest-growing provider of highly
4 skilled workers for targeted industries;

5 (b) The percentage of households in the state of Washington living
6 in the middle-income bracket or above, as defined in RCW 28B.145.060,
7 increase over time; and

8 (c) To achieve these objectives, Washington works indicators be
9 established for four-year institutions of higher education.

10 (4) The legislature reaffirms the findings and intent expressed in
11 section 1 of the higher education opportunity act, chapter 10, Laws of
12 2011 1st sp. sess., and intends to further advance the goal of ensuring
13 that Washington taxpayers earn a high-value return on their investment
14 by developing and implementing a plan for measuring and rewarding the
15 performance of the state's four-year institutions of higher education.

16 NEW SECTION. **Sec. 2.** The definitions in this section apply
17 throughout this chapter unless the context clearly requires otherwise.

18 (1) "Board" means the higher education coordinating board's
19 successor.

20 (2) "Council" means the council of presidents of the four-year
21 institutions of higher education.

22 (3) "Director" means the director of the office.

23 (4) "Education data center" means the education data center
24 established under RCW 43.41.400.

25 (5) "Four-year institutions of higher education" means the state
26 universities, the regional universities, and the state college, all as
27 defined in RCW 28B.10.016.

28 (6) "Graduation" means receipt of a baccalaureate or advanced
29 degree.

30 (7) "Graduation in fields addressing critical skill shortages"
31 means graduation in the fields specified in RCW 28B.76.270(2)(k).

32 (8) "Growth" means a change relative to the prior academic year.

33 (9) "Narrowing the achievement gap" means increasing the number of
34 graduations by in-state disadvantaged students and in-state minority
35 students.

36 (10) "Office" means the office of financial management.

1 (11) "Washington works indicators" means: (a) Increasing
2 graduations; (b) increasing graduations in fields addressing critical
3 skill shortages; and (c) narrowing the educational opportunity gap for
4 disadvantaged students and minority students.

5 NEW SECTION. **Sec. 3.** (1) By December 1, 2012, the office shall
6 develop a recommended plan for measuring and rewarding performance of
7 four-year institutions of higher education, and report on the
8 recommended plan to the legislature and the governor.

9 (2) In developing the recommended plan, the office shall:

10 (a) Consult with the board and the council;

11 (b) Examine and recommend appropriate metrics for measuring
12 performance, which may include, but are not limited to, the metrics set
13 forth in section 4 of this act; and

14 (c) Design and recommend an appropriate means of rewarding
15 performance, which may include, but is not limited to, the means set
16 forth in section 5 of this act.

17 (3) This section expires July 1, 2013.

18 NEW SECTION. **Sec. 4.** (1) This section applies unless modified by
19 the legislature following receipt of the report described in section 3
20 of this act.

21 (2) By July 1, 2012, and each July 1st thereafter, the office shall
22 measure performance on Washington works indicators using the metrics
23 described in subsection (3) of this section, which awards points for
24 each indicator and results in a single numeric score for each four-year
25 institution of higher education.

26 (3)(a) Except as provided in (b) of this subsection, the office
27 shall award:

28 (i) One point per student for growth in the number of students who
29 earn baccalaureate or advanced degrees, as specified in RCW
30 28B.76.270(2) (a) and (b);

31 (ii) An additional point per student for growth in the number of
32 students who earn baccalaureate or advanced degrees in fields
33 addressing critical skill shortages, as defined in section 2(7) of this
34 act as the fields specified in RCW 28B.76.270(2)(k); and

35 (iii) An additional point per student for growth in the number of

1 in-state disadvantaged students and in-state minority students who earn
2 baccalaureate or advanced degrees, as shown in data reported by the
3 four-year institutions of higher education pursuant to RCW 28B.76.270.

4 (b) A four-year institution of higher education may modify points
5 awarded for each indicator, so long as the institution: Uses the three
6 metrics described in (a) of this subsection and no other metrics;
7 awards no more than three points for three metrics; and awards at least
8 one-half of one point, but no more than two points, per metric. If a
9 four-year institution of higher education modifies points awarded for
10 each indicator, the office shall award points to the four-year
11 institution in a consistent manner.

12 (4) In measuring performance under subsection (2) of this section,
13 the office shall make statistical adjustments for student demographics.
14 The office also may collect additional contextual data from existing
15 sources.

16 NEW SECTION. **Sec. 5.** (1) This section applies unless modified by
17 the legislature following receipt of the report described in section 3
18 of this act.

19 (2) In the 2013-2015 omnibus operating appropriations act, and each
20 omnibus operating appropriations act thereafter, the legislature shall
21 determine whether an amount shall be transferred and disbursed as
22 provided in this subsection, and if so, the percentage of general
23 fund--state appropriations and education legacy trust account--state
24 appropriations on which the amount shall be based.

25 (3) Subject to legislative action described in subsection (2) of
26 this section:

27 (a) On July 1, 2013, and each July 1st thereafter, the state
28 treasurer shall transfer from the state general fund to the higher
29 education coordinating board fund for innovation and quality an amount
30 equivalent to the percentage determined by the legislature of:

31 (i) The general fund--state appropriation for the current fiscal
32 year for each four-year institution of higher education; and

33 (ii) One-half of the education legacy trust account--state
34 appropriation for the current biennium for each four-year institution
35 of higher education.

36 (b) On July 1, 2013, and each July 1st thereafter, allotments of
37 the general fund--state appropriation for the current fiscal year for

1 each four-year institution of higher education shall be adjusted to
2 reflect the institution's proportionate share of the amount transferred
3 from the general fund--state to the higher education coordinating board
4 fund for innovation and quality under (a) of this subsection.

5 (4) Subject to legislative action described in subsection (2) of
6 this section, on July 10, 2013, and each July 10th thereafter, the
7 office shall disburse funds to four-year institutions of higher
8 education as rewards for performance on Washington works indicators
9 through student-focused strategies, as measured by the office under
10 section 4 of this act.

11 (a) The amount available to be disbursed to four-year institutions
12 of higher education under this section for the current fiscal year
13 shall be equal to the total amount transferred under subsection (3) of
14 this section for the current fiscal year.

15 (b) The amount to be disbursed per point awarded under section 4 of
16 this act shall be set by the office.

17 (5) In disbursing funds as rewards, the office has discretion to
18 distinguish between actual performance on Washington works indicators
19 through student-focused strategies and the appearance of performance
20 through data manipulation or other nonstudent-focused means.

21 NEW SECTION. **Sec. 6.** Four-year institutions of higher education
22 are encouraged to redistribute resources and realign course offerings
23 to: Increase graduations in fields addressing critical skill
24 shortages; and improve performance on other Washington works
25 indicators.

26 NEW SECTION. **Sec. 7.** (1) By July 1, 2013, and each July 1st
27 thereafter, the education data center shall analyze employment or
28 continued education in consultation with the employment security
29 department, the board, and the council. The education data center also
30 may analyze employment or continued education in consultation with the
31 wage record interchange system in the federal department of labor, if
32 allowed and if appropriate, and other accurate sources of employment
33 and earnings data, if necessary. Before July 1, 2013, the council may
34 recommend to the education data center other accurate sources of
35 employment and earnings data that should be analyzed, and the education

1 data center shall include the recommended sources in its analysis under
2 this subsection. The council also may submit such recommendations to
3 the legislature.

4 (2) The education data center shall publish the analyses required
5 under this section on its web site. The analyses must include
6 aggregate data as well as data disaggregated by four-year institutions
7 of higher education, unless based on fewer than ten individuals. The
8 analyses must be labeled to identify data included and excluded from
9 the analyses, and also must include a statement that the analyses of
10 employment or continued education do not represent the employment rate
11 of graduates for the four-year institution of higher education.

12 (3) The education data center must update data-sharing and research
13 agreements under RCW 43.41.400, consistent with applicable security and
14 confidentiality requirements, to facilitate the work of the center
15 under this section.

16 (4) For the purposes of this section, "employment or continued
17 education" means that, within one year of graduation, a student either
18 has an annual income that exceeds the federal poverty level, as
19 determined by the United States department of health and human services
20 for a family of four, or is enrolled in postsecondary education.

21 **Sec. 8.** RCW 28B.120.040 and 1999 c 169 s 7 are each amended to
22 read as follows:

23 (1) The higher education coordinating board fund for innovation and
24 quality is hereby established in the custody of the state treasurer.

25 (2) The higher education coordinating board shall deposit in the
26 fund all moneys received under RCW 28B.120.030. Moneys received under
27 RCW 28B.120.030 in the fund may be spent only for the purposes of RCW
28 28B.120.010 and 28B.120.020. Disbursements from the fund of moneys
29 received under RCW 28B.120.030 shall be on the authorization of the
30 higher education coordinating board.

31 (3) Moneys transferred to the fund under section 5 of this act may
32 be disbursed only to four-year institutions of higher education as
33 rewards for performance on Washington works indicators, as specified in
34 section 5 of this act. Disbursements from the fund of moneys
35 transferred to the fund under section 5 of this act shall be only on
36 the authorization of the office of financial management.

1 (4) The fund is subject to the allotment procedure provided under
2 chapter 43.88 RCW, but no appropriation is required for disbursements.

3 NEW SECTION. **Sec. 9.** Sections 1 through 7 of this act constitute
4 a new chapter in Title 28B RCW.

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